

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

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FM AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EAGR, GW

SUBJECT: GERMAN REACTION TO DELAY OF EC FARM PRICE
DECISION.

1. RIGHT AFTER THE BRUSSELS MEETING, AGRICULTURE MINISTER ERTL STATED THAT THE SITUATION HAD NEVER BEEN MORE SERIOUS DURING THE PERIOD HE HAD BEEN MEMBER OF THE COUNCIL OF MINISTERS (SINCE 1969). IT WOULD, HOWEVER, BE PREMATURE TO SPEAK OF A CRISIS. HE DID NOT WANT TO MAKE FURTHER COMMENTS "WHICH MIGHT JEOPARDIZE THE SITUATION".

2. IN AN INTERVIEW IN BONN ON MARCH 30, ERTL ADMITTED THE RESULTS OF THE MEETING HAD NOT BEEN AS DESIRED, "BUT THERE IS AN AGREEMENT BY 8 DELEGATIONS; AND AFTER THE INTERRUPTION, THE NEGOTIATIONS WILL BE CONTINUED ON THE BASIS OF THE PRESENT PAPER". ERTL AVOIDED THE TERM "FAILURE". IN SPITE OF THE "NO-RESULT" THE AGRICULTURAL MARKET IS HEALTHY AND UNDISTURBED; ERTL SAID. THE PRESENT DIFFICULT SITUATION IS VIEWED MAINLY AS THE RESULT OF DIFFERENT ECONOMIC SITUATIONS IN THE MEMBER COUNTRIES. "CONCERNING GREAT BRITAIN, THE PRICE-WAGE PACT BETWEEN GOVERNMENT AND LABOR PLAYS A GREAT ROLE.
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WE HAVE A CERTAIN UNDERSTANDING FOR THE BRITISH ATTITUDE, THOUGH WE FEEL THAT WE MADE GREAT CONCESSIONS. ONE MUST HAVE A CERTAIN AMOUNT OF PATIENCE."

3. THE GERMAN FARMERS ASSOCIATION EXPRESSED "GREAT CONCERN OVER THE EC COUNCIL NOT HAVING ACHIEVED A DECISION ON FARM PRICES AND MARKET BALANCE". THIS HAD

CAUSED NEW UNCERTAINTIES. AN INCREASE OF FARM PRICES IN GERMANY BY 2 PERCENT AS PROVIDED BY THE FINAL COMMISSION PROPOSAL IS REGARDED AS TOO LOW. IN A PRESS CONFERENCE IN BONN ON MARCH 30, MINISTER ERTL WARNED THE FARMERS OF ENDANGERING AN AGREEMENT BY EXCESSIVE DEMANDS.

4. ACCORDING TO THE GERMAN TRADE ASSOCIATION, THE "FAILURE OF THE BRUSSELS PRICE NEGOTIATIONS HAS LED TO A SERIOUS UNCERTAINTY IN IMPORT AND EXPORT. THE ABSENCE OF SIGNIFICANT PRICE DATA HAS DEPRIVED TRADERS OF THE BASIS FOR CALCULATION. THE SHORT-TERM CHANGES OF GREEN PARITIES FOR IRELAND, FRANCE AND ITALY ARE RESULTING IN TREMENDOUS BURDENS. FURTHERMORE, THE "COMPROMISE OF THE EIGHT PRESENTS A GREAT DANGER FOR EUROPEAN UNIFICATION. IT PROVIDES FOR A MARKED INCREASE IN PREFERENCES FOR EC PRODUCTION WHICH WOULD RENDER AGRICULTURAL IMPORTS MORE DIFFICULT. IT WOULD ADDITIONALLY AFFECT THE CURRENT GATT TALKS AND THE NORTH-SOUTH DIALOGUE".

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Message Attributes

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